

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

KING COUNTY, WASHINGTON,
and IOWA STUDENT LOAN
LIQUIDITY CORPORATION,

Plaintiffs,

09 Civ. 8387 (SAS)

- against -

ECF Case

IKB DEUTSCHE INDUSTRIEBANK AG,
et al.,

Defendants.

**DECLARATION OF DEAN RINGEL IN SUPPORT OF
THE MOODY'S AND S&P MOTIONS
FOR SUMMARY JUDGMENT**

I, DEAN RINGEL, declare as follows:

1. I am a member of the bar of this Court and a member of the firm of Cahill Gordon & Reindel LLP, which represents defendants Defendants The McGraw-Hill Companies, Inc. and Standard & Poor's Ratings Services (collectively, "S&P") in the above-captioned action. I submit this declaration to place before the Court certain documents referenced in the Memorandum of Defendants Moody's and S&P in Support of Their Motions for Summary Judgment. I am fully familiar with the facts set forth herein and make this declaration based on personal knowledge.

2. Attached hereto as Exhibit 1 is a true and correct copy of excerpted deposition testimony given by Ronald Foresman (Iowa Student Loan Liquidity Corporation ("ISL") Fed. R. Civ. P. 30(b)(6) designee).

3. Attached hereto as Exhibit 2 is a true and correct copy of additional excerpted deposition testimony given by Ronald Foresman (ISL Fed. R. Civ. P. 30(b)(6) designee).

4. Attached hereto as Exhibit 3 is a true and correct copy of excerpted deposition testimony given by King County Investment Pool Advisor John T. Dobrowolski, ISL advisor Glenn E. Scott, ISL advisor David Sommers, and IKB analyst Dr. Klaus Bauknecht.

5. Attached hereto as Exhibit 4 is a true and correct excerpted copy of a draft Rhinebridge termsheet and related September 2006 presentation provided to S&P, Bates-stamped S&P-IKB 0012940-13068.

6. Attached hereto as Exhibit 5 is a collection of excerpted Rhinebridge-related documents prepared by former Defendant IKB and current Defendant Morgan Stanley, consisting of: a true and correct excerpted copy of an IKB email dated July 17, 2007 and attaching Rhinebridge marketing materials for investor review, Bates-stamped IKB 000030823-56; an email chain Bates-stamped IKB 000109565-66 reflecting delivery of the Rhinebridge PPM to ISL representatives; and a true and correct copy of MS_RHI_000315636-37, a March 21, 2007 Morgan Stanley email attaching potential investor comments regarding the Rhinebridge SIV.

7. Attached hereto as Exhibit 6 is a collection of excerpted documents produced in discovery by Plaintiff King County, consisting of: a true and correct excerpted copy of the Rhinebridge private placement memorandum Bates-stamped KC 0023229-403; a true and correct excerpted copy of an email chain Bates-stamped KCe0023244-54; ; a true and correct copy of an email dated October 19, 2007 and Bates-stamped KC 0013657-58; a true and correct excerpted copy of an email chain Bates-stamped KCe0046219-31.

8. Attached hereto as Exhibit 7 is a collection of additional excerpted documents produced in discovery by Plaintiff King County and documents produced in discovery by John Rose, a member of the King County Investment Advisory Panel, consisting of: a true and correct excerpted copy of a 2006 King County Investment Pool Annual Report, Bates-stamped KC 0001601-06; a true and correct copy of an email dated May 28, 2008 and Bates-stamped KCe0004182-84; and a true and correct copy of an email from John Rose Bates-stamped John_Rose_0000243-44.

9. Attached hereto as Exhibit 8 is a collection of excerpted documents produced in discovery by Plaintiff ISL, consisting of: a true and correct excerpted copy of an email chain (with attachment) Bates-stamped ISL-e0004919-5092; and a true and correct copy of an email chain Bates-stamped ISL-E0015284.

10. Attached hereto as Exhibit 9 is and a true and correct copy of a Rhinebridge pre-sale rating report Bates-stamped KC0000348-60.

11. Attached hereto as Exhibit 10 is a true and correct copy of excerpted deposition testimony given by S&P Rhinebridge rating committee member Lapo Guadagnuolo and true and correct excerpted copy of internal S&P Rhinebridge committee materials Bates-stamped S&P-IKB 0021271-72 and S&P-IKB 0011842-74.

/s/ Dean Ringel
Dean Ringel

Executed this 7th day of September, 2012, in New York, New York.

EXHIBIT 1

Page 1

1 Highly Confidential

2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----X

5 KING COUNTY, WASHINGTON;
6 STUDENT LOAN LIQUIDITY
7 CORPORATION, together and on
8 Behalf of All Others Similarly
9 Situated,

10 Plaintiffs,

11 -vs-

12 09-CV-8387 (SAS)

13 IKB DEUTSCHE INDUSTRIEBANK
14 AG; IKB CREDIT ASSET MANAGEMENT,
15 GmbH; MOODY'S INVESTORS SERVICE,
16 INC.; MOODY'S INVESTORS SERVICE
17 LIMITED; THE MCGRAW-HILL
18 COMPANIES, INC. (d/b/a STANDARD &
19 POOR'S RATING SERVICES); FITCH,
20 INC.; MORGAN STANLEY & CO.
21 INCORPORATED, MORGAN STANLEY
22 & CO. INTERNATIONAL LIMITED;
23 WINFRIED REINKE AND ORTSEIFEN,

24 Defendants.

25 -----X

26 * * HIGHLY CONFIDENTIAL * *

27 VIDEOTAPED 30(b) (6) DEPOSITION OF IOWA STUDENT
28 LOAN LIQUIDITY CORPORATION by RONALD FORESMAN
29 New York, New York
30 November 29, 2011

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32
33
34 Reported by:

35 Bonnie Pruszynski, RMR

36 JOB NO. 42720

<p style="text-align: right;">Page 38</p> <p>1 Highly Confidential - R. Foresman 2 investment process required speaking with the 3 brokers and investments offered, so that was the 4 communication.</p> <p>5 Q But you don't know which one of the 6 three, if any, ISL discussed Rhinebridge with; is 7 that right?</p> <p>8 MS. MATERA: Objection. Asked and 9 answered. Vague and ambiguous.</p> <p>10 A Well, we purchased from Linsco 11 Private Ledger and Citigroup.</p> <p>12 Q Did ISL discuss Rhinebridge prior to 13 investing with Linsco?</p> <p>14 MS. MATERA: Objection. Vague and 15 ambiguous. Asked and answered.</p> <p>16 A Yes, we purchased from them, so yes, 17 we discussed that.</p> <p>18 Q What did ISL discuss with Linsco 19 about Rhinebridge prior to investing?</p> <p>20 MS. MATERA: Objection. Vague and 21 ambiguous.</p> <p>22 A Linsco provided Rhinebridge as an 23 investment and provided ratings, term, yield.</p> <p>24 Q Were there any oral conversations 25 with Linsco concerning Rhinebridge prior to ISL's</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 39</p> <p>1 Highly Confidential - R. Foresman 2 investment? 3 MS. MATERA: Objection. Vague and 4 ambiguous. 5 A The oral conversation would be 6 relaying the rating, the term and the yield.</p> <p>7 Q Anything else?</p> <p>8 MS. MATERA: Objection. Vague and 9 ambiguous. 10 A No.</p> <p>11 Q Did ISL have conversations with Citi 12 in deciding whether to invest in Rhinebridge?</p> <p>13 MS. MATERA: Objection. Vague and 14 ambiguous. May call for a legal conclusion.</p> <p>15 A Citigroup offered or provided 16 Rhinebridge as an investment, and so yes, we 17 discussed the ratings, yield and term.</p> <p>18 Q What did ISL discuss with Citi 19 specifically concerning Rhinebridge prior to 20 investing?</p> <p>21 MS. MATERA: Objection. Vague and 22 ambiguous. 23 A The -- just the rating, the term and 24 the yield.</p> <p>25 Q What did ISL discuss with Citi about 26 TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 40</p> <p>1 Highly Confidential - R. Foresman 2 the rating, if anything?</p> <p>3 A Just what the rating was.</p> <p>4 Q What did ISL discuss with Citi about 5 the yield?</p> <p>6 A Citi communicated what that 7 particular offering was yielding.</p> <p>8 Q Anything else about the yield?</p> <p>9 A No.</p> <p>10 Q And what about the term? What did 11 ISL discuss with Citi about the term of the 12 Rhinebridge investment?</p> <p>13 A It would just be what the term was on 14 that -- on that offering.</p> <p>15 Q Who at ISL had those discussions with 16 Citi?</p> <p>17 A Steve Nichols.</p> <p>18 Q Who at ISL had the discussions with 19 Linsco?</p> <p>20 A Steve Nichols.</p> <p>21 Q Did anyone other than Mr. Nichols 22 participate in the discussions with Linsco?</p> <p>23 MS. MATERA: Objection. Vague and 24 ambiguous.</p> <p>25 A No.</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 41</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 Q What about the discussions with Citi?</p> <p>3 MS. MATERA: Same objection.</p> <p>4 Q Anyone other than Mr. Nichols?</p> <p>5 MS. MATERA: Sorry. Same objection.</p> <p>6 A No. Just Steve Nichols.</p> <p>7 Q Did ISL have discussions with Wells 8 Fargo in deciding whether to invest in 9 Rhinebridge?</p> <p>10 MS. MATERA: Objection. Vague and 11 ambiguous.</p> <p>12 A It's unclear if Wells Fargo ever 13 offered Rhinebridge as an option. So I am not 14 sure.</p> <p>15 Q In preparing for your deposition, did 16 you make an effort to determine the statements 17 that ISL considered in deciding whether to invest?</p> <p>18 MS. MATERA: Objection. The 19 testimony is subject to our objections. 20 That's the end of my objection.</p> <p>21 A Can you repeat that, please?</p> <p>22 Q Yes.</p> <p>23 In preparing for your deposition, did 24 you make an effort to determine the statements 25 that ISL considering in deciding whether to invest</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 42</p> <p>1 Highly Confidential - R. Foresman 2 in Rhinebridge? 3 MS. MATERA: Subject to our 4 objections. 5 A Yes. 6 Q And were you able to determine 7 whether any statements by Wells Fargo were 8 considered in the investment decisions? 9 MS. MATERA: Objection. Vague and 10 ambiguous. 11 A Specifically about Rhinebridge? 12 Q Um-hum. 13 MS. MATERA: Same objection. 14 A We didn't purchase Rhinebridge from 15 Wells Fargo, so it's unclear whether they ever 16 offered that and whether there were any 17 discussions. 18 Q Who made the decision on behalf of 19 ISL to invest in Rhinebridge? 20 MS. MATERA: Objection. Vague and 21 ambiguous. 22 You may answer. 23 A Steve Nichols. 24 Q Anyone other than Mr. Nichols? 25 MS. MATERA: Same objection.</p>	<p style="text-align: right;">Page 43</p> <p>1 Highly Confidential - R. Foresman 2 A No. 3 Q Did Mr. Nichols have any 4 conversations, other than the conversations or 5 discussions with brokers that you have already 6 described, in deciding whether to invest in 7 Rhinebridge? 8 MS. MATERA: Objection. The 9 testimony is subject to our objections. May 10 call for speculation. 11 You may answer. 12 A In discussing it with Mr. Nichols, he 13 had indicated there were no other conversations. 14 Q Now, you have identified one specific 15 investment by date, which was the July 12 16 investment. Did ISL make other investments in 17 Rhinebridge? 18 A Yes. 19 Q How many other investments? 20 A We had a total of four. 21 Q Do you recall the dates of those 22 other investments? 23 A The -- we had an investment on 24 July 25th, and I believe July 26th, and the first 25 part of September; I can't remember the specific</p>
<p style="text-align: right;">Page 44</p> <p>1 Highly Confidential - R. Foresman 2 day. 3 Q First part of September? 4 A I'm sorry, August. Let me change 5 that. 6 Q Prior to investing in Rhinebridge, 7 did anyone at ISL review the information 8 memorandum for Rhinebridge? 9 MS. MATERA: Objection. Vague and 10 ambiguous. Calls for speculation. 11 A Our process was to, you know, follow 12 the indentures and the ratings guidelines, and we 13 used the ratings, and we did not review the 14 offering memorandum prior to. 15 Q Did ISL have any understanding of the 16 collateral backing the Rhinebridge SIV at the time 17 it invested? 18 MS. MATERA: Objection. Vague and 19 ambiguous. 20 A At the time of investing, we did not 21 know the specific collateral within Rhinebridge. 22 Q Did ISL know the general collateral 23 in Rhinebridge? 24 MS. MATERA: Objection. Vague and 25 ambiguous.</p>	<p style="text-align: right;">Page 45</p> <p>1 Highly Confidential - R. Foresman 2 A No, we did not. 3 Q Did ISL know that there was 4 collateral in Rhinebridge? 5 MS. MATERA: Objection. Vague and 6 ambiguous. 7 A Well, it was an asset-backed 8 commercial paper investment, so yes. 9 Q Did ISL know that it was an 10 asset-backed commercial paper program at the time 11 it invested? 12 MS. MATERA: Objection. Vague and 13 ambiguous. 14 A Yes. 15 Q What is the basis for that testimony? 16 A In reviewing, you know, the trade 17 tickets, it indicates asset-backed, and discussing 18 it with Steve Nichols. 19 Q What did Mr. Nichols tell you about 20 ISL's knowledge as to whether Rhinebridge was 21 asset-backed? 22 MS. MATERA: Objection. Vague and 23 ambiguous. 24 A He indicated that it was commercial 25 paper, asset-backed commercial paper.</p>

<p style="text-align: right;">Page 46</p> <p>1 Highly Confidential - R. Foresman 2 Q Did he indicate whether he knew that 3 at the time he invested? 4 A Yes. He knew that at the time. 5 Q Did Mr. Nichols know that it was a 6 structured investment vehicle at the time he 7 invested? 8 MS. MATERA: Objection. Vague and 9 ambiguous. 10 A No, he did not. 11 Q Did Mr. Nichols know what a 12 structured investment vehicle was at the time he 13 invested in Rhinebridge? 14 MS. MATERA: Objection. Vague and 15 ambiguous. Calls for speculation. Beyond 16 the scope of the deposition notice. 17 A I don't believe he knew what the SIV 18 product was. 19 Q Did -- did ISL have any understanding 20 of the assets backing the Rhinebridge SIV at the 21 time it invested? 22 MS. MATERA: Objection. Vague and 23 ambiguous. 24 A At the time of the investment, we 25 relied on the ratings assigned, and did not know</p>	<p style="text-align: right;">Page 47</p> <p>1 Highly Confidential - R. Foresman 2 the collateral. 3 Q Did ISL ask any questions about the 4 collateral prior to investing? 5 MS. MATERA: Objection. Vague and 6 ambiguous. 7 A We, once again, relied on the ratings 8 assigned, and did not ask that. 9 Q Did ISL ask any questions about 10 Rhinebridge prior to investing? 11 MS. MATERA: Objection. Vague and 12 ambiguous. Misstates prior testimony. 13 A Iowa Student Loan asked what the 14 rating was, the term and the yield. 15 Q Anything else? 16 MS. MATERA: Objection. Vague and 17 ambiguous. 18 A No. 19 Q Did ISL have any understanding of the 20 other parties involved with the Rhinebridge SIV at 21 the time it invested? 22 MS. MATERA: Objection. Vague and 23 ambiguous. 24 A No, we did not. 25 Q Did ISL understand that Rhinebridge</p>
<p style="text-align: right;">Page 48</p> <p>1 Highly Confidential - R. Foresman 2 was a -- had an investment manager? 3 MS. MATERA: Objection. Vague and 4 ambiguous. 5 A We wouldn't have known the specific 6 party that managed that at that time. 7 Q Well, but you are anticipating my 8 next question. Did ISL understand that 9 Rhinebridge had an investment manager? 10 MS. MATERA: Objection. Vague and 11 ambiguous. 12 A I don't know -- you know, that wasn't 13 part of our inputs for an investment decision. I 14 don't believe we would have known that. 15 Q Okay. And ISL didn't know who, 16 specifically, the investment manager was for 17 Rhinebridge; isn't that right? 18 MS. MATERA: Objection. Vague and 19 ambiguous. Asked and answered. 20 A That's correct. 21 Q Did ISL have any understanding of 22 the -- strike that. 23 Did ISL take any steps to analyze the 24 methodology by which Rhinebridge had been rated? 25 MS. MATERA: Objection. Vague and</p>	<p style="text-align: right;">Page 49</p> <p>1 Highly Confidential - R. Foresman 2 ambiguous. May call for speculation. 3 A The steps we took were to follow the 4 investment guidelines in the indenture, and then 5 make sure that the guidelines were adhered to in 6 purchasing the investment. 7 Q That didn't answer my question, so 8 let me ask it again. 9 Did ISL have any understanding -- I'm 10 sorry, I have to strike that again. 11 Did ISL take any steps to analyze the 12 methodology by which Rhinebridge had been rated? 13 MS. MATERA: Objection. Vague and 14 ambiguous. May call for speculation. Asked 15 and answered. 16 A We used the ratings, but didn't -- I 17 mean, the ratings assigned at the time, from the 18 rating agencies, that's all we used in evaluating 19 the decision to invest. 20 Q Did ISL have any understanding of the 21 methodology by which the notes had been rated? 22 MS. MATERA: Objection. Vague and 23 ambiguous. May call for speculation. Asked 24 and answered. 25 A Not specific to Rhinebridge and the</p>

1 Highly Confidential - R. Foresman 2 process that the rating agencies went through for 3 that specific investment. 4 Q What about SIVs generally? 5 MS. MATERA: Same objection. 6 Q Did ISL have any understanding of the 7 rating agency methodologies for ratings SIVs at 8 the time it invested in Rhinebridge? 9 MS. MATERA: Objection. Vague and 10 ambiguous. 11 A We wouldn't have known the specific 12 process, all of the inputs that the rating agency 13 used. We understood that the ratings assigned 14 were what they were, and that the information used 15 to come up with that ratings was vetted through 16 the rating agencies and the process that they had. 17 Q Was ISL aware, at the time it 18 invested in Rhinebridge, that there were 19 publications available from the rating agencies 20 describing their methodology? 21 MS. MATERA: Objection. 22 Q For rating SIVs. 23 MS. MATERA: Objection. Vague and 24 ambiguous. 25 A Specific to Rhinebridge or just to TSG Reporting - Worldwide 877-702-9580	1 Highly Confidential - R. Foresman 2 SIVs? 3 Q Well, again, you are anticipating my 4 question. This one is general to SIVs. 5 Was ISL aware at the time it invested 6 in Rhinebridge that there were publications 7 available from the rating agencies describing 8 their methodologies for rating SIVs? 9 MS. MATERA: Objection. Vague and 10 ambiguous. 11 A You know, in terms of SIV specific, 12 we wouldn't have known that, you know, there were 13 ratings methodologies published. We weren't 14 investing in SIVs. We were investing in 15 investments with a certain rating. 16 Q Well, you were investing in SIVs, 17 weren't you? 18 A We did not make a choice to invest in 19 SIVs. We invested in investments with a certain 20 rating. 21 Q In fact, you invested in SIVs without 22 knowing that you were investing in SIVs; isn't 23 that right? 24 MS. MATERA: Objection. 25 Argumentative. Vague and ambiguous. TSG Reporting - Worldwide 877-702-9580
1 Highly Confidential - R. Foresman 2 Misstates prior testimony. 3 A Once again, our process was to use 4 the ratings and -- and the specific ratings 5 criteria in our investment policy. 6 Q And ISL did not know it was investing 7 in SIVs at the time it did so; isn't that right? 8 MS. MATERA: Objection. Asked and 9 answered. 10 A We did not -- we wouldn't have known 11 that we were investing in an SIV. We were 12 investing in commercial paper at a certain rating. 13 Q How many different SIVs did ISL 14 invest in? 15 MS. MATERA: Objection. Vague and 16 ambiguous. Beyond the scope of the 17 deposition notice. 18 A We -- we wouldn't know because we -- 19 we weren't investing specifically in SIVs, and 20 didn't track that. We were investing in 21 investments with a certain rating. 22 Q Eventually you tracked it; right? 23 MS. MATERA: Objection. Vague and 24 ambiguous. Beyond the scope of the 25 deposition notice.	1 Highly Confidential - R. Foresman 2 3 A At the time of the investment, we 4 wouldn't have known that, but at a point post 5 investment, we tried to do as much research as we 6 could to understand the investments we had at that 7 time. 8 Q What steps did you take to understand 9 your investments at that point, that you are 10 describing? 11 A This was all -- 12 MS. MATERA: Objection. Vague and 13 ambiguous. Beyond the scope of the 14 deposition notice. 15 A The research that we employed was 16 post investment. We looked for any PPMs or any 17 other offering memorandum that we could find that 18 would describe the transactions, and, you know, 19 any source that we could find, you know, 20 anything about the investments at that time. 21 Q With respect to Rhinebridge, what 22 sources did ISL turn up as part of that research? 23 MS. MATERA: Objection. Vague and 24 ambiguous. 25 A We -- we were given the PPM. We -- you know, anything that was published, you know, TSG Reporting - Worldwide 877-702-9580

<p style="text-align: right;">Page 54</p> <p>1 Highly Confidential - R. Foresman 2 through like Bloomberg, Wall Street Journal, that 3 we could find. You know, any information directly 4 from Rhinebridge itself.</p> <p>5 Q But ISL didn't make any effort to 6 gather those materials before investing; isn't 7 that right?</p> <p>8 MS. MATERA: Objection. Misstates 9 prior testimony. Vague and ambiguous. 10 A We relied on the ratings and 11 didn't -- just completely the ratings at that 12 point.</p> <p>13 Q And didn't make any effort to gather 14 those other materials that you described; right?</p> <p>15 MS. MATERA: Objection. Misstates 16 prior testimony. Vague and ambiguous. 17 Asked and answered.</p> <p>18 A Well, the effort is with the 19 indenture guidelines and what went through that, 20 that provided the investment guidelines that we 21 used. That was the effort.</p> <p>22 Q Was ISL aware at the time it invested 23 in Rhinebridge that an information memorandum was 24 available?</p> <p>25 MS. MATERA: Objection. Vague and TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 55</p> <p>1 Highly Confidential - R. Foresman 2 ambiguous. 3 A Once again, that wasn't part of our 4 criteria. We looked at the ratings, so... 5 Q I understand. That's not my 6 question, though.</p> <p>7 My question is whether ISL knew at 8 the time it invested that an information 9 memorandum was available.</p> <p>10 MS. MATERA: Objection. Vague and 11 ambiguous. Asked and answered.</p> <p>12 A We didn't specifically ask if the PPM 13 existed, but I think we knew that there was 14 some -- there was information available.</p> <p>15 Q Including an information memorandum? 16 MS. MATERA: Objection. Vague and 17 ambiguous. 18 A Yeah, I think you could assume there 19 was one, but we didn't specifically ask if it 20 existed.</p> <p>21 Q How many debt offerings have you 22 participated in, would you say, during your time 23 at ISL?</p> <p>24 MS. MATERA: Objection. Vague and 25 ambiguous. TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 56</p> <p>1 Highly Confidential - R. Foresman 2 A Debt offerings? That Iowa Student 3 Loan issued? It's over 4.5 billion, but the 4 amount, it's more than ten. I don't know the 5 specific amount.</p> <p>6 Q Did any of them not have information 7 memorandums of some form?</p> <p>8 MS. MATERA: Objection. Vague and 9 ambiguous. Beyond the scope of the 10 deposition notice.</p> <p>11 A They all had information available to 12 investors.</p> <p>13 Q Right. Including some form of 14 official information memorandum; right?</p> <p>15 MS. MATERA: Objection. Vague and 16 ambiguous. Beyond the scope of the 17 deposition notice.</p> <p>18 A Yes.</p> <p>19 Q And ISL knew at the time it invested 20 in Rhinebridge that Rhinebridge would likewise 21 also have an information memorandum available; 22 isn't that right?</p> <p>23 MS. MATERA: Objection. Vague and 24 ambiguous. Asked and answered.</p> <p>25 A We -- we didn't have firsthand TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 57</p> <p>1 Highly Confidential - R. Foresman 2 knowledge that one existed, but we knew generally 3 that investments had that information.</p> <p>4 Q But you didn't ask for the 5 information memorandum for Rhinebridge 6 specifically; isn't that right?</p> <p>7 MS. MATERA: Objection. Asked and 8 answered.</p> <p>9 A Part of our process was just to rely 10 on the ratings, so we did not ask for that 11 specifically at that time of investment.</p> <p>12 Q Did ISL make any effort to gather 13 news articles concerning Rhinebridge prior to 14 investing?</p> <p>15 MS. MATERA: Objection. Vague and 16 ambiguous.</p> <p>17 A Specific to Rhinebridge?</p> <p>18 Q Yes.</p> <p>19 MS. MATERA: Same objection.</p> <p>20 A We did not go through the effort 21 because our process was to rely on the ratings.</p> <p>22 MS. MATERA: At any point -- we have 23 been going for over an hour. It would be 24 good to take a break when you are ready.</p> <p>25 MR. PEREZ-MARQUES: Okay. That's TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 58</p> <p>1 Highly Confidential - R. Foresman 2 fine. We can take a break now if you would 3 like. 4 MS. MATERA: Is that okay? 5 THE WITNESS: Yes. 6 THE VIDEOGRAPHER: The time is 7 10:33 a.m. 8 We are off the record. 9 (Recess taken.) 10 THE VIDEOGRAPHER: The time is 11 10:51 a.m. 12 We are on the record. 13 BY MR. PEREZ-MARQUES: 14 Q Mr. Foresman, prior to investing in 15 Rhinebridge, was ISL aware that the rating 16 agencies published reports on the Rhinebridge SIV? 17 MS. MATERA: Objection. Vague and 18 ambiguous. 19 A Not specifically to Rhinebridge, but 20 we knew that there were -- there was information 21 published by the rating agencies. 22 Q Did ISL make any effort to obtain 23 that information published by the rating agencies? 24 MS. MATERA: Objection. Vague and 25 ambiguous.</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 59</p> <p>1 Highly Confidential - R. Foresman 2 A Our process was to rely on the 3 ratings assigned at the time of investment, so we 4 did not make an effort to review those. It was -- 5 you know, our process was mostly dependent on the 6 ratings. 7 Q Well, beyond the ratings, the only 8 things it depended on were the yield and the term; 9 isn't that right? 10 MS. MATERA: Objection. Vague and 11 ambiguous. Misstates prior testimony. 12 A Yes, that is correct. 13 Q I asked you earlier whether ISL made 14 any effort to gather news specific to the 15 Rhinebridge SIV prior to investing in it. Did ISL 16 make any effort to gather other news not general 17 to Rhinebridge in deciding whether to invest? 18 MS. MATERA: Objection. Vague and 19 ambiguous. 20 A Like I said, our process was to 21 mostly rely on the ratings provided for that 22 particular investment, and I can't speculate on 23 whether we -- you know, as a general 24 understanding, all parties within Iowa Student 25 Loan had knowledge of different pieces, but we</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 60</p> <p>1 Highly Confidential - R. Foresman 2 relied on the ratings for that. 3 Q Okay. Let me repeat my question. 4 Did ISL make any effort to gather news prior to 5 investing in Rhinebridge? 6 MS. MATERA: Objection. Vague and 7 ambiguous. May go beyond the scope of the 8 deposition notice. 9 A Personally, I don't recall us ever, 10 you know, researching that prior to. 11 Q Did ISL -- what steps, if any, did 12 ISL take to monitor the market for investments in 13 2007? 14 MS. MATERA: Objection. Vague and 15 ambiguous. Goes beyond the scope of the 16 deposition notice. 17 A It -- it's just un- -- I would be 18 speculating on what processes were reviewed. 19 Q Well, you supervised Mr. Nichols with 20 respect to his investment functions; right? 21 MS. MATERA: Objection. Vague and 22 ambiguous. 23 A That is correct. 24 Q And as his supervisor, did you know 25 what steps, if any, he took to monitor the</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 61</p> <p>1 Highly Confidential - R. Foresman 2 markets? 3 MS. MATERA: Objection. Vague and 4 ambiguous. Goes beyond the scope of the 5 deposition notice. 6 A I mean, personally I was generally 7 aware of various conditions in the market. 8 Q Okay. But my question was about 9 Mr. Nichols. As his supervisor, were you aware of 10 what steps, if any, he took to monitor the market? 11 MS. MATERA: Objection. Vague and 12 ambiguous. Goes beyond the scope of the 13 deposition notice. 14 A I wouldn't know what steps he went 15 through. 16 Q You didn't ask him that question? 17 MS. MATERA: Objection. Vague and 18 ambiguous. Goes beyond the scope of the 19 deposition notice. 20 A Once again, I -- I wouldn't know what 21 he went through. 22 Q Okay. Did he read any newspapers to 23 stay abreast of market developments? 24 MS. MATERA: Objection. Vague and 25 ambiguous. Goes beyond the scope of the</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>

<p>1 Highly Confidential - R. Foresman 2 for the investment decision. 3 Q And when you say used them mostly, 4 you mean you used them and yield and term; right? 5 A Correct. 6 MS. MATERA: Objection. Move to 7 interpose an objection, misstates prior 8 testimony. 9 MR. PEREZ-MARQUES: Sorry, did you 10 get the answer? 11 Q Could you repeat your answer? 12 Because I don't think the reporter got it. 13 A Yes, that is correct. 14 Q Did the guidelines prohibit 15 consideration of other factors outside the 16 criteria? 17 MS. MATERA: Objection. Vague and 18 ambiguous. 19 A The -- the indenture guidelines did 20 not prohibit other information. 21 Q The indenture guidelines didn't 22 prohibit reading information memoranda, did it? 23 MS. MATERA: Objection. Vague and 24 ambiguous. 25 A It did not.</p>	<p>Page 134</p> <p>1 Highly Confidential - R. Foresman 2 Q The offering documents for ISL's debt 3 offerings, do those include risk factors? 4 A Yes. Yes, it does. 5 Q What are risk factors? 6 A The -- it's going to depend on a 7 particular offering, but those are the factors 8 that the -- the offering will not meet the 9 expectations as structured. 10 Q Did ISL understand, at the time it 11 invested in Rhinebridge, that the Rhinebridge SIV 12 would likewise have a set of risk factors that it 13 published for its investment? 14 MS. MATERA: Objection. Vague and 15 ambiguous. 16 A While it wasn't specifically 17 discussed or factored into the decision, you know, 18 our understanding of the process, I would believe 19 that we understood there were risk factors in an 20 investment. 21 Q But ISL made no effort to review 22 those risk factors prior to investing; isn't that 23 right? 24 MS. MATERA: Objection. Misstates 25 prior testimony. Vague and ambiguous.</p>
<p>TSG Reporting - Worldwide 877-702-9580</p>	<p>Page 135</p> <p>TSG Reporting - Worldwide 877-702-9580</p>

<p>Page 136</p> <p>1 Highly Confidential - R. Foresman 2 A We used the ratings and our 3 understanding of that ratings process, that that 4 information and those factors and other things 5 would have been vetted through before the ratings 6 were assigned. 7 Q That doesn't answer my question. 8 Did ISL make any effort to review the 9 risk factors available on the Rhinebridge SIV 10 prior to investing? 11 MS. MATERA: Objection. Asked and 12 answered. Misstates prior testimony. Vague 13 and ambiguous. 14 A We -- because of what I mentioned 15 about our process and mostly using the ratings and 16 understanding that process, we would not have done 17 that. 18 Q When you say "we would not have," 19 you -- in fact, ISL did not do so; isn't that 20 right? 21 MS. MATERA: Objection. Misstates 22 prior testimony. Vague and ambiguous. 23 A That is correct. Because that was 24 our process. 25 Q ISL's process didn't involve</p>	<p>Page 137</p> <p>1 Highly Confidential - R. Foresman 2 reviewing the risk factors on its investments; is 3 that what you are saying? 4 MS. MATERA: Objection. Asked and 5 answered. Vague and ambiguous. Misstates 6 prior testimony. 7 A That is correct. Our understanding, 8 that the ratings process would -- would review 9 those factors and incorporate that into the 10 ratings assigned. 11 Q But that is not in the guidelines 12 either, is it, the understanding that the risk 13 factors will be incorporated into the ratings? 14 MS. MATERA: Objection. Vague and 15 ambiguous. Misstates prior testimony. 16 A No, that is not in the factors or in 17 the guideline, investment guidelines. 18 Q And the guidelines don't say anything 19 about any understanding of how ratings are 20 assigned, do they? 21 MS. MATERA: Objection. Vague and 22 ambiguous. 23 A No, it does not identify that. 24 Q In preparing for your testimony here 25 today, did you discuss with Mr. Nichols his</p>
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TSG Reporting - Worldwide 877-702-9580

<p style="text-align: right;">Page 138</p> <p>1 Highly Confidential - R. Foresman 2 understanding at the time of the Rhinebridge SIV 3 investment of how ratings are assigned?</p> <p>4 A You know, we had conversation about 5 the process and ratings and just going over that. 6 There wasn't any detailed discussion about the 7 elements of what goes into a ratings analysis, no.</p> <p>8 Q Did he identify any factors that at 9 the time of the Rhinebridge SIV investment, he 10 understood or assumed that would have been 11 considered in assigning a rating to the 12 Rhinebridge SIV?</p> <p>13 MS. MATERA: Objection. Vague and 14 ambiguous. Compound. Calls for a legal 15 conclusion.</p> <p>16 A Can you repeat that, please?</p> <p>17 Q Did he identify any factors that at 18 the time of the Rhinebridge SIV investment he 19 understood or assumed would have been considered 20 in assigning a rating to the Rhinebridge SIV?</p> <p>21 MS. MATERA: Same objections.</p> <p>22 A No, he did not identify any of the 23 factors. He, once again, would have relied on the 24 ratings assigned.</p> <p>25 Q Let's take a look at Defendants' TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 139</p> <p>1 Highly Confidential - R. Foresman 2 Exhibit 85, still in front of you. Let me refer 3 you to the fourth page of this document, on Bates 4 ending 647.</p> <p>5 I'll note, to be clear, the date of 6 this e-mail is March 26, 2007; isn't that right?</p> <p>7 A Yes, that is what it says.</p> <p>8 Q So about four months prior to ISL's 9 investment in Rhinebridge on which it's suing 10 here?</p> <p>11 MS. MATERA: Objection. Vague and 12 ambiguous.</p> <p>13 Q Isn't that right?</p> <p>14 MS. MATERA: Same objection.</p> <p>15 A Yes, those are the timeframes.</p> <p>16 Q So looking at page 647, you see at 17 the top of the page, there is a paragraph that 18 begins "even though"?</p> <p>19 Do you see that paragraph?</p> <p>20 A Yes, I do.</p> <p>21 Q The first paragraph.</p> <p>22 A Yes.</p> <p>23 Q And the last sentence of that 24 paragraph reads, "However, in light of the 25 mounting delinquencies in the subprime market, the TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 140</p> <p>1 Highly Confidential - R. Foresman 2 regulators in the industry are looking for ways to 3 change these limitations."</p> <p>4 Do you see that?</p> <p>5 A Yes, I do.</p> <p>6 Q Was ISL aware of mounting 7 delinquencies in the subprime market at the time 8 it invested in the Rhinebridge SIV?</p> <p>9 MS. MATERA: Objection. Lacks 10 foundation. Vague and ambiguous. Assumes 11 facts not in evidence. Beyond the scope of 12 the deposition notice.</p> <p>13 A I wouldn't know individuals within 14 Iowa Student Loan that had specific information 15 or -- or the level of information.</p> <p>16 Personally, yes, I think we generally 17 knew that there were such issues.</p> <p>18 Q Including mounting delinquencies in 19 the subprime market?</p> <p>20 MS. MATERA: Objection. Vague and 21 ambiguous. Beyond the scope of the 22 deposition notice.</p> <p>23 A I don't know at the time if I knew it 24 was, personally, categorized as mounting 25 delinquencies, but I knew there were issues.</p> <p> TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 141</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 Q What issues did you know there were 3 in the subprime market, prior to investing in 4 Rhinebridge?</p> <p>5 MS. MATERA: Objection. Vague and 6 ambiguous.</p> <p>7 A Well, generally the housing market 8 values were declining, that there were certain 9 homeowners that were having problems repaying.</p> <p>10 Q Anything else?</p> <p>11 A Not that comes to mind.</p> <p>12 Q Were you aware, prior to investing in 13 Rhinebridge, that the number or levels of 14 homeowners that were having problems paying, as 15 you put it, was increasing?</p> <p>16 MS. MATERA: Objection. Vague and 17 ambiguous. Beyond the scope of the 18 deposition notice.</p> <p>19 A You know, in these timeframes, I 20 don't know specifically what I would have known, 21 at what level, but --</p> <p>22 Q Did Mr. -- was Mr. Nichols aware of 23 mounting delinquencies in the subprime market 24 prior to investing in the Rhinebridge SIV?</p> <p>25 MS. MATERA: Objection. Calls for TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 166</p> <p>1 Highly Confidential - R. Foresman 2 lending, I wouldn't know what he knew. But it 3 wasn't factored into any investment decisions. 4 Q And how do you know it wasn't 5 factored into any investment decisions? 6 A Based on the discussions we had on 7 how the investment was placed and what information 8 was used, and my direct knowledge of how it was 9 supposed to work.</p> <p>10 Q How did Mr. Nichols communicate to 11 you that he did not consider origination trends in 12 subprime lending in making investment decisions on 13 July 25th, 2007?</p> <p>14 MS. MATERA: Objection. Misstates 15 prior testimony. Vague and ambiguous. 16 A Well, he wouldn't have told me that 17 he specifically ignored or knew about origination 18 trends in subprime lending. We discussed what 19 information that he used, and he didn't use this 20 information.</p> <p>21 Q Did you ask him whether he used this 22 information?</p> <p>23 MS. MATERA: Objection. Beyond the 24 scope of the deposition notice, to the 25 extent you are talking about investments</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 167</p> <p>1 Highly Confidential - R. Foresman 2 outside of Rhinebridge. Vague and 3 ambiguous. 4 A Yes, we specifically talked about 5 were other factors considered, and not 6 specifically origination trends in subprime 7 lending, but other factors were not considered. 8 Q The first sentence of this article 9 under "Origination Trends in Subprime Lending" 10 states, "In order to address the underwriting 11 problems that have plagued the 2006 subprime 12 vintage, lenders are tightening their underwriting 13 guidelines." 14 Do you see that? 15 A Yes, I do. 16 Q What do you understand "underwriting 17 problems that have plagued the 2006 subprime 18 vintage" to mean? 19 MS. MATERA: Objection. Vague and 20 ambiguous. Beyond the scope of the 21 deposition notice. Lack of foundation. 22 Calls for speculation. 23 A Well, I don't know what they are 24 specifically meaning here, but just general 25 information, that there were some loans that</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 168</p> <p>1 Highly Confidential - R. Foresman 2 probably shouldn't have been made, that didn't 3 really fit -- or they fit the underwriting 4 criteria, but maybe they were not the best type of 5 loans to originate. 6 Q Was ISL aware of those underwriting 7 problems prior to investing in Rhinebridge? 8 MS. MATERA: Objection. Vague and 9 ambiguous. Calls for speculation. Beyond 10 the scope of the deposition notice. 11 Improper hypothetical. 12 A I think personally, yes, I was aware 13 of the environment, and different -- different 14 factors in the environment, and mortgages, and the 15 problems that mortgages were facing, yes. I was 16 personally aware of that. 17 But it wasn't anything that was 18 addressed in our investment criteria and used to 19 determine investment selections. 20 Q Was Mr. Nichols aware of those 21 underwriting problems at the time he invested in 22 Rhinebridge? 23 MS. MATERA: Objection. Beyond the 24 scope of the deposition notice. Calls for 25 speculation. Improper hypothetical. Vague</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 169</p> <p>1 Highly Confidential - R. Foresman 2 and ambiguous. 3 A Personally, I don't -- I don't recall 4 specific conversations on that topic alone. 5 Q So you don't know one way or the 6 other? 7 MS. MATERA: Same objections. 8 A I don't know. 9 Q The fourth paragraph on this page 10 begins, "As the industry awaits." 11 Do you see that? 12 A Yes, I do. 13 Q And it states, "As the industry 14 awaits the outcome of the proposed guidance for 15 subprime lending, some investors are gaining 16 comfort by increasing their up-front due diligence 17 percentages prior to purchasing securities." 18 Do you see that? 19 A Yes, I do. 20 Q What do you understand that to mean? 21 MS. MATERA: Objection. Vague and 22 ambiguous. Lack of foundation. Improper 23 hypothetical. Outside the -- beyond the 24 scope of the deposition notice. 25 A Personally, when I see it, I don't</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 170</p> <p>1 Highly Confidential - R. Foresman 2 really know what a due diligence percentage is, 3 other than I'm assuming that there were some 4 investors that were doing more than relying on 5 ratings.</p> <p>6 Q Did ISL understand, at the time it 7 invested in Rhinebridge, that some investors did 8 more than rely on ratings?</p> <p>9 MS. MATERA: Objection. Vague and 10 ambiguous. Beyond the scope of the 11 deposition notice.</p> <p>12 A I don't recall any firsthand 13 knowledge that other investors -- how they 14 operated and what decisions they made.</p> <p>15 Q Well, was it your understanding in 16 July 2007 that every investor considered only the 17 rating, the yield and the term when buying 18 commercial paper?</p> <p>19 MS. MATERA: Objection. Beyond the 20 scope of the deposition notice. Calls for 21 speculation. Vague and ambiguous.</p> <p>22 A Yeah, personally, I wouldn't know. I 23 mean, I would assume that there were some that 24 probably did that, but I -- knowing the ratings 25 process, I would assume there were a lot that did,</p>	<p style="text-align: right;">Page 171</p> <p>1 Highly Confidential - R. Foresman 2 and they relied on the ratings, because that's 3 what it was for, and if you understood the ratings 4 process, then those ratings should have been, you 5 know, subject to all of the information in order 6 to assign ratings.</p> <p>7 So, I don't know how others operated, 8 but it wouldn't surprise me if there was a high, 9 high percentage that relied on ratings.</p> <p>10 Q Did you know in July 2007 that some 11 investors read offering documents?</p> <p>12 MS. MATERA: Objection. Beyond the 13 scope of the deposition notice. Calls for 14 speculation. Vague and ambiguous.</p> <p>15 A I don't recall having any 16 conversations with other investors on what they 17 did, to be honest.</p> <p>18 Q So, you didn't know one way or the 19 other whether investors read offering documents?</p> <p>20 MS. MATERA: Objection. Beyond the 21 scope of the deposition notice. Calls for 22 speculation. Vague and ambiguous.</p> <p>23 A With Iowa Student Loan offering, I -- 24 I can't imagine why -- that there wasn't at least 25 one or two investors, but I don't know. I think,</p>
<p style="text-align: right;">Page 172</p> <p>1 Highly Confidential - R. Foresman 2 yes. I mean, personally, I believe that there 3 were probably some investors that did read those.</p> <p>4 Q Did ISL take any steps to increase 5 its due diligence on its own investments in light 6 of news about problems in the mortgage market in 7 early 2007?</p> <p>8 MS. MATERA: Objection. Beyond the 9 scope of the deposition notice. Calls for 10 speculation. Vague and ambiguous.</p> <p>11 A Personally, I don't recall why we 12 would do that, so -- you know, in using the 13 ratings, and understanding how those ratings were 14 assigned, and -- and we followed the guidelines 15 that were approved. No.</p> <p>16 Q I'm sorry. Was the last part of your 17 answer "no"?</p> <p>18 A Yes.</p> <p>19 Q So no, ISL did not take any steps to 20 increase its due diligence on investments in light 21 of news about problems in the mortgage market in 22 early 2007; is that right?</p> <p>23 MS. MATERA: Objection. Misstates 24 prior testimony. Beyond the scope of the 25 deposition notice. Calls for speculation.</p>	<p style="text-align: right;">Page 173</p> <p>1 Highly Confidential - R. Foresman 2 Vague and ambiguous.</p> <p>3 A Well, I will answer it this way, that 4 my personal recollection was that we didn't change 5 our process that we had used for years and years 6 and our reliance on the ratings.</p> <p>7 MR. PEREZ-MARQUES: Okay. Why don't 8 we break for lunch?</p> <p>9 THE VIDEOGRAPHER: The time is 10 1:18 p.m.</p> <p>11 We are off the record.</p> <p>12 (Recess taken.)</p> <p>13 THE VIDEOGRAPHER: The time is 14 2:14 p.m.</p> <p>15 We are on the record.</p> <p>16 BY MR. PEREZ-MARQUES:</p> <p>17 Q Mr. Foresman, let me show you what I 18 have marked as Defendants' Exhibit 88, which is a 19 two-page e-mail, double-sided, beginning on 20 ISL-E0015104 through 105.</p> <p>21 Please take a moment to look it over 22 and let me know when you are ready.</p> <p>23 (Defendants' Exhibit 88 marked for 24 identification as of this date.)</p>

<p style="text-align: right;">Page 174</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 Q Okay?</p> <p>3 A Okay.</p> <p>4 Q This is an e-mail from Financial Week</p> <p>5 Daily News Blast to you; correct?</p> <p>6 A Yes, that is what it says.</p> <p>7 Q Dated July 11, 2007; right?</p> <p>8 A Yes.</p> <p>9 Q With the subject line "Financial Week</p> <p>10 Daily News Blast"; correct?</p> <p>11 A That is correct.</p> <p>12 Q And then a little bit down the page,</p> <p>13 there is a header that reads "Headlines for</p> <p>14 July 11, 2007"; right?</p> <p>15 A Yes.</p> <p>16 Q That is about two weeks before the</p> <p>17 Rhinebridge investment at issue in this</p> <p>18 litigation; right?</p> <p>19 A That is correct.</p> <p>20 Q The third item down in that list</p> <p>21 states, "Moody's drops ratings on 5.2 billion in</p> <p>22 subprime-related debt. S&P to follow."</p> <p>23 Do you see that?</p> <p>24 A Yes, I do.</p> <p>25 Q Was ISL aware, around this time in</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 175</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 early July, 2007, of rating agencies downgrading a</p> <p>3 large number of subprime-related debt?</p> <p>4 MS. MATERA: Objection. Outside the</p> <p>5 scope of the deposition notice. Vague and</p> <p>6 ambiguous.</p> <p>7 A I do not recall at that time if we</p> <p>8 were aware.</p> <p>9 Q You received this e-mail, though,</p> <p>10 didn't you?</p> <p>11 A This e-mail was to me, yes.</p> <p>12 Q You don't know whether you read it or</p> <p>13 not?</p> <p>14 A I do not recall.</p> <p>15 Q Do you know whether anyone else at</p> <p>16 ISL also received e-mails from Financial Week</p> <p>17 Daily News Blast?</p> <p>18 MS. MATERA: Objection. Beyond the</p> <p>19 scope of the deposition notice. Calls for</p> <p>20 speculation.</p> <p>21 A I wouldn't remember if anybody else</p> <p>22 did, because I don't remember getting this myself.</p> <p>23 Q You testified earlier about the</p> <p>24 process of reviewing the investment policies in</p> <p>25 connection with the 12th supplemental indenture.</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 176</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 Do you recall that?</p> <p>3 A Yes.</p> <p>4 Q When did that process begin?</p> <p>5 MS. MATERA: Objection. Vague and</p> <p>6 ambiguous.</p> <p>7 A The review of the supplemental?</p> <p>8 Q The review of the investment policy</p> <p>9 specifically.</p> <p>10 A Well, it's -- the processes in</p> <p>11 reviewing that, those items, have been going on</p> <p>12 for years.</p> <p>13 In terms of preparation for the</p> <p>14 deposition?</p> <p>15 Q No.</p> <p>16 The review of the investment policies</p> <p>17 in connection with the 12th supplemental indenture</p> <p>18 specifically, when did that process start?</p> <p>19 MS. MATERA: Objection. Vague and</p> <p>20 ambiguous.</p> <p>21 A I don't know when it started, but it</p> <p>22 was prior to the issuance of that debt.</p> <p>23 Q Was that process already underway as</p> <p>24 of July 11, 2007?</p> <p>25 MS. MATERA: Objection. Vague and</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 177</p> <p>1 Highly Confidential - R. Foresman</p> <p>2 ambiguously.</p> <p>3 A Yes, that process would have been.</p> <p>4 Q Did ISL consider the broad downgrades</p> <p>5 of subprime-related debt by S&P and Moody's in</p> <p>6 considering what role ratings should play in their</p> <p>7 revised investment guidelines?</p> <p>8 MS. MATERA: Objection. Vague and</p> <p>9 ambiguous.</p> <p>10 A Iowa Student Loan did not -- it</p> <p>11 was -- during the -- the debt process, the ratings</p> <p>12 that were -- that remained in the investment</p> <p>13 guidelines were still believed to be sound, and</p> <p>14 input from all parties didn't lead us to believe</p> <p>15 that there were other -- other types of criteria</p> <p>16 that we needed to include.</p> <p>17 Q Did ISL consider the July downgrades</p> <p>18 of mortgage-related debt in considering whether</p> <p>19 the ratings in the investment policies were sound,</p> <p>20 as you described it?</p> <p>21 MS. MATERA: Objection. Vague and</p> <p>22 ambiguous.</p> <p>23 A I don't recall that being a factor in</p> <p>24 any discussions.</p> <p>25 Q That's all for that document.</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 218</p> <p>1 Highly Confidential - R. Foresman 2 that these investments were placed. 3 Q Anything other than the fact that 4 these investments were placed? 5 MS. MATERA: Objection. Vague and 6 ambiguous. 7 A I don't believe it represents 8 anything else. 9 Q And the last page of this document, 10 355, has a row concerning the, or a set of rows 11 concerning the investment at issue in this 12 lawsuit; correct? 13 A On 355? 14 Q 358. 15 MS. WOOD: The first -- 16 A Oh. 17 MS. MATERA: Could you repeat the 18 question? I'm sorry. 19 Q The page of this document on 358 has 20 a set of rows concerning the investment at issue 21 in this lawsuit, doesn't it? 22 A It appears that it's the same, based 23 on maturity date and the amount. 24 Q Okay. And bond issue is indicated as 25 2007E; correct?</p>	<p style="text-align: right;">Page 219</p> <p>1 Highly Confidential - R. Foresman 2 A That is correct. 3 Q And what does that reflect? 4 A That is the bond series that these 5 funds -- the funds used for this investment relate 6 to that bond series. 7 Q And then you signed this page as 8 well; correct? 9 A Yes, I did. 10 Q On August 7, 2007; is that right? 11 A That's what it says, yes. 12 Q And Ms. DeBolt signed it on 13 August 9th, 2007; right? 14 A Yes. 15 MS. MATERA: Objection. 16 Q And between the date the Rhinebridge 17 trade was placed, on July 25th, and your review on 18 August 7th, did anyone else review the Rhinebridge 19 investment at issue in this lawsuit? 20 MS. MATERA: Objection. Vague and 21 ambiguous. 22 A I don't believe so. There could have 23 been another accountant that actually saw the 24 trust statement activity. But there wouldn't have 25 been a review.</p>
<p style="text-align: right;">Page 220</p> <p>1 Highly Confidential - R. Foresman 2 Q And what steps, if any, did you take 3 to review these investments prior to signing this 4 page 358? 5 MS. MATERA: Objection. Vague and 6 ambiguous. 7 A The -- the ratings were -- were 8 perused and reviewed. That's the only review that 9 I performed. 10 Q You see that there are certain 11 checkmarks on this page; right? 12 A That is correct. 13 Q Whose checkmarks are those? 14 A I don't know for sure, but it would 15 make sense that these are Steve Nichols' 16 checkmarks. 17 Q Who put together this sheet for your 18 signature? 19 A Steve Nichols. 20 Q And you see under "Minimum Investment 21 Criteria," in the row concerning Rhinebridge, it 22 says, "A-1 plus (S&P)" and "P-1 (Moody), and then 23 "DSC PRM NT." 24 Do you see that last part? 25 A I do.</p>	<p style="text-align: right;">Page 221</p> <p>1 Highly Confidential - R. Foresman 2 Q What does "DSC PRM NT" mean? 3 A I don't know what the intent was 4 here, but to me it reads discount promissory note. 5 Q What does that mean? 6 A It means it's a discounted 7 investment. 8 Q And again, there is no reference to 9 the Fitch rating under the minimum investment 10 criteria, is there? 11 A That is correct. 12 Q Some of the other investments on this 13 sheet have a Fitch rating indicated in the minimum 14 investment criteria; correct? 15 A That is correct. 16 Q But the Rhinebridge one at issue in 17 this lawsuit doesn't; isn't that right? 18 MS. MATERA: Objection. Asked and 19 answered. 20 A That is correct. 21 Q Let me show you what I have marked as 22 Defendants' Exhibit 94, which is an e-mail with an 23 attachment beginning on IKB000064408 through 24 64584. 25 Please take a moment to look it over</p>

<p>Page 222</p> <p>Highly Confidential - R. Foresman</p> <p>and let me know when you are ready. My first question will be whether you recognize this document.</p> <p>(Defendants' Exhibit 94 marked for identification as of this date.)</p> <p>A Okay.</p> <p>Q And you see that this exhibit has as its cover page, or the first piece of this exhibit is an e-mail string; correct?</p> <p>A It appears to be an e-mail, yes.</p> <p>Q And it starts with an e-mail from Steve McCullough to Christian Rohde; correct?</p> <p>A Yes, that is what it says.</p> <p>Q Who is Mr. Rohde?</p> <p>A I believe he is somebody that is a part of IKB, but I don't know for sure.</p> <p>Q And Mr. McCullough's e-mail that starts this string is dated September 10, 2007; right?</p> <p>A Yes.</p> <p>Q And he asks a series of questions about the Rhinebridge SIV; correct?</p> <p>A Yes, that is what is included.</p> <p>Q Then there is a -- a response from TSG Reporting - Worldwide 877-702-9580</p>	<p>Page 223</p> <p>Highly Confidential - R. Foresman</p> <p>Amrit Bains at the bottom of page 408; correct?</p> <p>A That is correct.</p> <p>Q Dated September 11, 2007; right?</p> <p>A Yes, that is what it says.</p> <p>Q And then Mr. McCullough writes back with -- on that same day, September 11, 2007; right?</p> <p>A That is the date on the e-mail.</p> <p>Q And he writes, "Please send me a copy of the private placement memorandum and/or other documents describing the tests and restriction events in the transaction as soon as possible."</p> <p>Correct?</p> <p>A Yes, that is what it says.</p> <p>Q Did ISL have a copy of the information memorandum for the Rhinebridge SIV at any time prior to September 11, 2007?</p> <p>A I do not believe so.</p> <p>Q Then Mr. Bains writes back that same day; correct?</p> <p>A The dates are the same, yes.</p> <p>Q And he writes, "As requested, please find attached a copy of the USCP PPM as at launch (did you not get a copy of this from the dealers</p> <p>TSG Reporting - Worldwide 877-702-9580</p>
<p>Page 224</p> <p>Highly Confidential - R. Foresman</p> <p>already?)."</p> <p>Do you see that?</p> <p>A Yes, I do.</p> <p>Q Then there is, in fact, an attachment to this e-mail, which begins on page 410; right?</p> <p>A Yes.</p> <p>Q Do you recognize this attachment?</p> <p>A I have seen this document before.</p> <p>Q What is it?</p> <p>A It appears to be the Rhinebridge PPM.</p> <p>Q And you see the very first page, 410, under "Important Notice," it states: "The commercial paper notes described in the attached private placement memorandum (as defined below) (the USCP notes) have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the Securities Act) or the securities laws of any state of the United States or the securities laws of any other jurisdiction."</p> <p>Do you see that?</p> <p>A Yes, I do.</p> <p>Q Was ISL aware of that fact at the time it invested?</p> <p>MS. MATERA: Objection. Vague and</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p>Page 225</p> <p>Highly Confidential - R. Foresman</p> <p>ambiguous.</p> <p>A At the time of our investment, we obtained the rating only.</p> <p>Q And you were not aware of the fact that the commercial paper was not registered?</p> <p>MS. MATERA: Objection. Vague and ambiguous. Asked and answered.</p> <p>A That is information we would not have had at the time of investment.</p> <p>Q You mean it's information you did not have; right?</p> <p>A We did not have that.</p> <p>Q You are not saying you didn't have access to that information, are you?</p> <p>MS. MATERA: Objection. Misstates prior testimony. Vague and ambiguous. Calls for speculation.</p> <p>A I am saying we did not have it.</p> <p>Q And the second paragraph states The USC -- I will paraphrase. The USCP notes may only be offered to a qualified institutional buyer or a qualified purchaser.</p> <p>Do you see that paragraph?</p> <p>A Yes, I do.</p> <p>TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 226</p> <p>1 Highly Confidential - R. Foresman 2 Q And was ISL aware that the 3 Rhinebridge notes it purchased were only available 4 to QIBs and QPs at the time it invested? 5 MS. MATERA: Objection. Calls for a 6 legal conclusion. Vague and ambiguous. 7 A We were only aware of the rating at 8 the time of investment. 9 Q And not the fact that the investment 10 was only available to QIBs and QPs? 11 MS. MATERA: Objection. Vague and 12 ambiguous. Calls for a legal conclusion. 13 Misstates prior testimony. 14 A We did not have this statement at the 15 time of investment. 16 Q When did you sign a certification 17 indicating that ISL was a QIB? 18 MS. MATERA: Objection. Lack of 19 foundation. 20 A The most recent recollection was 21 during the Rhinebridge -- during restructuring 22 Rhinebridge. 23 Q At the time of the Rhinebridge 24 investments, at the time the Rhinebridge 25 investments were originally made, had ISL ever</p>	<p style="text-align: right;">Page 227</p> <p>1 Highly Confidential - R. Foresman 2 analyzed whether or not it was a qualified 3 institutional buyer? 4 MS. MATERA: Objection. Vague and 5 ambiguous. Asked and answered. Calls for a 6 legal conclusion. 7 To the extent you can answer that 8 question without revealing privileged 9 attorney-client communications, you may do 10 so. 11 A Yes, before that we had guidance from 12 our -- our counsel. 13 Q And did ISL certify to its brokers 14 that it was a qualified institutional buyer prior 15 to investing in Rhinebridge? 16 MS. MATERA: Objection. Vague and 17 ambiguous. 18 A On at least a couple of occasions, we 19 provided information to Wells Fargo. 20 Q Any other brokers? 21 A I don't believe the other brokers 22 asked, at least anything in writing that I recall. 23 Q Taking a look at Bates stamp page 24 421. It's a couple of pages in. 25 MS. MATERA: And at any point -- we</p>
<p style="text-align: right;">Page 228</p> <p>1 Highly Confidential - R. Foresman 2 have been going over an hour, so, when it 3 makes sense for you to take a break, it 4 would be great. 5 A You said 421? 6 Q Yes. 7 A Okay. 8 Q You see that the first sentence 9 begins, "Potential purchasers should determine." 10 Do you see that? 11 A Yes, I do. 12 Q It says, "Potential purchasers should 13 determine for themselves the relevance of the 14 information contained in this USCP private 15 placement memorandum as supplemented from time to 16 time, and their decision to purchase any of the 17 USCP notes should be based upon such investigation 18 as they themselves deem necessary." 19 Do you see that? 20 A Yes, I do. 21 Q Did ISL understand at the time it 22 invested in Rhinebridge, that its decision to 23 invest should be based on such investigation as 24 they deemed necessary? 25 MS. MATERA: Objection. Vague and</p>	<p style="text-align: right;">Page 229</p> <p>1 Highly Confidential - R. Foresman 2 ambiguous. Calls for a legal conclusion. 3 A At the time of investment, we did not 4 have this statement. We have based our investment 5 on the ratings assigned, and understood that 6 that -- that ratings process vetted all necessary 7 requirements to obtain that rating, and that's 8 what we used as it complied with the investment 9 policy. 10 Q What do you mean, vetted all 11 necessary requirements to obtain that rating? 12 A Well, rating agencies go through a 13 process to consider all relevant information to 14 reach their -- their ratings level on an 15 investment. 16 Q Well, we have already established 17 that ISL had no information about the ratings of 18 SIVs; isn't that right? 19 MS. MATERA: Objection. Misstates 20 prior testimony. 21 Q We don't need to do that again, do 22 we? 23 MS. MATERA: Objection. Misstates 24 prior testimony. Vague and ambiguous. 25 Argumentative.</p>

EXHIBIT 2

<p style="text-align: right;">Page 230</p> <p>1 Highly Confidential - R. Foresman 2 A Can you repeat the question? 3 Q Yes. 4 We have already established that ISL 5 did not have information about the ratings of 6 SIVs; isn't that right? 7 MS. MATERA: Object -- same 8 object- -- 9 Q At the time it invested in 10 Rhinebridge. 11 MS. MATERA: Same objections. 12 A We did not have specific information 13 on the process that -- that the rating agencies 14 went through on SIVs, that's correct. 15 Q And leaving aside whether ISL had 16 seen the particular statement that I read, did ISL 17 understand that its decision to invest in 18 Rhinebridge should be based upon the investigation 19 that it considered necessary prior to investing in 20 Rhinebridge? 21 MS. MATERA: Objection. Asked and 22 answered. Vague and ambiguous. 23 A Iowa Student Loan for many, many 24 years followed a process to rely on the ratings 25 and understood that the rating agencies went</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 231</p> <p>1 Highly Confidential - R. Foresman 2 through a process to determine those ratings, 3 built upon lots of information, much more 4 information than we had, and if information, you 5 know, about all of the pieces within a particular 6 investment didn't warrant that particular rating, 7 then the rating agency wouldn't provide that -- 8 that determination. 9 So, that's what we relied upon, that 10 was our practice, and that's what we followed in 11 this case. We were investing in commercial paper. 12 Q As a qualified institutional buyer, 13 did ISL understand that it was expected to conduct 14 its own analysis of investments? 15 MS. MATERA: Objection. Calls for a 16 legal conclusion. Vague and ambiguous. 17 Outside the scope of the deposition notice. 18 A Well, personally, with our experience 19 on ratings, and years of following those, and 20 knowing the investment policy, that's what we 21 followed. That was the -- the criteria necessary. 22 Q Did anyone ever represent to ISL that 23 it was appropriate for it to make investment 24 decisions based only on ratings? 25 MS. MATERA: Objection. Vague and</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 232</p> <p>1 Highly Confidential - R. Foresman 2 ambiguous. Calls for a legal conclusion. 3 A I would say yes, because the bond 4 indentures indicated these were the investments 5 that -- and the ratings levels that you were 6 supposed to invest in. 7 Q Did anyone ever say to ISL or 8 represent to ISL that it was appropriate not to 9 consider anything else other than the eligibility 10 criteria? 11 MS. MATERA: Objection. Vague and 12 ambiguous. Calls for a legal conclusion. 13 To the extent answering that question 14 requires you to reveal attorney-client -- 15 privileged attorney-client communications, 16 do not reveal those communications, but you 17 may otherwise answer the question. 18 A We did not have any specific guidance 19 to do other things. 20 Q Did anyone ever represent to ISL that 21 it was appropriate to invest in the Rhinebridge 22 SIV based only on the rating? 23 MS. MATERA: Objection. Vague and 24 ambiguous. Calls for a legal conclusion. 25 Again, to the extent, answering that</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 233</p> <p>1 Highly Confidential - R. Foresman 2 question would require you to reveal 3 privileged attorney-client communications, I 4 would instruct you not to reveal those 5 communications. However, you may otherwise 6 answer the question. 7 A At the time of investment into 8 Rhinebridge, we followed the investment criteria 9 in the indenture. 10 Q That doesn't answer my question, 11 though. Did anyone ever tell ISL that it was 12 appropriate to invest in Rhinebridge based only on 13 the rating? 14 MS. MATERA: Objection. Asked and 15 answered. Vague and ambiguous. Calls for a 16 legal conclusion. 17 To the extent answering that question 18 would require you to reveal privileged 19 attorney-client communications, I instruct 20 you not to reveal those communications. 21 However, you may otherwise answer the 22 question. 23 MR. OWEN: Object to the instruction, 24 again. 25 A I would say personally that the</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 234</p> <p>1 Highly Confidential - R. Foresman 2 rating agencies gave us approval to invest based 3 on the investment criteria that they approved in 4 the bond indentures.</p> <p>5 Q Did ISL tell the rating agencies that 6 it wasn't considering anything other than the 7 eligibility criteria?</p> <p>8 MS. MATERA: Objection. Vague and 9 ambiguous. Outside the scope of the 10 deposition notice.</p> <p>11 A I don't have any recollection of 12 that, that communication.</p> <p>13 MR. PEREZ-MARQUES: I have got a 14 couple more minutes on this document. I 15 would suggest wrapping up on this, but if 16 people are dying for a break --</p> <p>17 MS. MATERA: Are you okay?</p> <p>18 THE WITNESS: I'm okay.</p> <p>19 MS. MATERA: Okay.</p> <p>20 Q Let me direct your attention to 21 page 432. In fact, I'm sorry, before we get 22 there, let me direct your attention to page 422.</p> <p>23 A Okay.</p> <p>24 Q And you see at the bottom of this 25 page, the second-to-last paragraph begins, "The</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 235</p> <p>1 Highly Confidential - R. Foresman 2 USCP program is rated."</p> <p>3 Do you see that?</p> <p>4 A Yes, I do.</p> <p>5 Q And then the second sentence of this 6 states, "A rating reflects only the views of S&P, 7 Moody's and Fitch, as the case may be, and is not 8 a recommendation to buy, sell or hold the USCP 9 notes."</p> <p>10 Do you see that?</p> <p>11 A Yes, I do.</p> <p>12 Q Did ISL understand at the time it 13 invested in Rhinebridge that the ratings were not 14 recommendations to buy?</p> <p>15 MS. MATERA: Objection. Calls for a 16 legal conclusion. Vague and ambiguous.</p> <p>17 A We wouldn't have had this specific 18 statement at the time of investment, but I believe 19 we understood that the ratings was just one input 20 into an investment decision.</p> <p>21 Q Did ISL understand that the ratings 22 reflected opinions on the part of the rating 23 agencies?</p> <p>24 MS. MATERA: Objection. Vague and 25 ambiguous. Calls for a legal conclusion.</p> <p>TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 236</p> <p>1 Highly Confidential - R. Foresman 2 A I don't know if we ever considered 3 them opinions. I think they were endorsements 4 that an investment would have a -- a -- the right 5 information and the right structure to -- to meet 6 the criteria of that assigned rating.</p> <p>7 Q Do you see that the sentence I read 8 begins, "A rating reflects only the views of S&P, 9 Moody's and Fitch, as the case may be," and then 10 it continues? Do you see that?</p> <p>11 A Yes, I do.</p> <p>12 Q At the time ISL invested in 13 Rhinebridge, did it understand the ratings to 14 reflect anyone's views other than the rating 15 agencies' that assigned them?</p> <p>16 MS. MATERA: Objection. Vague and 17 ambiguous. Calls for a legal conclusion.</p> <p>18 A Can you ask that again, please?</p> <p>19 Q Yes.</p> <p>20 At the time ISL invested in 21 Rhinebridge, did ISL understand the ratings to 22 reflect anyone's views other than the rating 23 agencies' that assigned them?</p> <p>24 MS. MATERA: Same objections.</p> <p>25 A No.</p> <p>TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 237</p> <p>1 Highly Confidential - R. Foresman 2 Q The sentence after the one I read 3 states, "An explanation of the significance of 4 each such rating may be obtained from the related 5 rating agency."</p> <p>6 Do you see that?</p> <p>7 A Yes.</p> <p>8 Q Was ISL aware of that fact at the 9 time it invested in Rhinebridge?</p> <p>10 MS. MATERA: Objection. Vague and 11 ambiguous.</p> <p>12 A Not specifically for Rhinebridge.</p> <p>13 Q But generally, ISL was aware that 14 explanations of the significance of ratings could 15 be obtained?</p> <p>16 MS. MATERA: Objection. Vague and 17 ambiguous. Beyond the scope of the 18 deposition notice.</p> <p>19 A Well, I think personally there is 20 general knowledge that the rating agency provide 21 definitions, make that available.</p> <p>22 Q Did ISL make any effort to obtain 23 these definitions prior to investing in 24 Rhinebridge?</p> <p>25 MS. MATERA: Objection. Vague and TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 238</p> <p>1 Highly Confidential - R. Foresman 2 ambiguous. 3 A Once again, we did not, because we 4 were relying on the ratings process and 5 understanding that ratings process, and that in 6 order to reach that ratings, that certain things 7 had to be met and -- or else that rating shouldn't 8 have been assigned.</p> <p>9 Q Let me direct your attention to 10 page 432, which is titled "Risk" -- or it begins 11 the section titled "Risk Factors."</p> <p>12 A Okay.</p> <p>13 Q And the second paragraph here states, 14 "Each potential investor in the USCP notes must 15 determine the suitability of that investment in 16 light of its own circumstances."</p> <p>17 Do you see that?</p> <p>18 A Yes, I do.</p> <p>19 Q Did ISL understand when it invested 20 in Rhinebridge that it was expected to determine 21 the suitability of that investment in light of its 22 own circumstances?</p> <p>23 MS. MATERA: Objection. Vague and 24 ambiguous.</p> <p>25 A I think Iowa Student Loan knew that TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 239</p> <p>1 Highly Confidential - R. Foresman 2 if an investment met all applicable criteria, that 3 it was a suitable investment for us.</p> <p>4 Q And did ISL understand that it was 5 expected to assess suitability?</p> <p>6 MS. MATERA: Objection. Vague and 7 ambiguous.</p> <p>8 A I believe our process had defined 9 that for us in that the investment guidelines laid 10 out these levels of investments at these ratings, 11 and that the rating agencies approved that, and 12 they subjected our investment to all of those 13 factors that led them to their rating, so the 14 rating agency was doing that, and it allowed us to 15 select investments according to those criteria.</p> <p>16 Q Did anyone ever represent to ISL that 17 the rating agency's process for rating SIVs was 18 the same as its process for rating the notes 19 offered by ISL?</p> <p>20 MS. MATERA: Objection. Calls for a 21 legal conclusion. Beyond the scope of the 22 deposition notice. Vague and ambiguous.</p> <p>23 A Personally, I understand the ratings 24 process, but, you know, each investment is going 25 to be different. So I wouldn't know that the TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 240</p> <p>1 Highly Confidential - R. Foresman 2 criteria the rating agency went through or the 3 process was exactly the same.</p> <p>4 Q Did anyone represent to ISL that it 5 was even partially the same?</p> <p>6 MS. MATERA: Objection.</p> <p>7 Q To rate a SIV as to rate the notes 8 issued by ISL?</p> <p>9 MS. MATERA: Objection. Calls for a 10 legal conclusion. Beyond the scope of the 11 deposition notice. Vague and ambiguous.</p> <p>12 A Personally, no. I mean, the ratings 13 process was vetted based on that -- the criteria 14 to reach that rating.</p> <p>15 Q After the sentence I read, it 16 continues: "In particular, each potential 17 investor should," and then there is a list of five 18 items.</p> <p>19 Do you see those?</p> <p>20 A Yes, I do.</p> <p>21 Q And the first one is, "Each potential 22 investor should, A, have sufficient knowledge and 23 experience to make a meaningful evaluation of the 24 USCP notes, the merits and risks of investing in 25 the USCP notes, and the information contained in TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 241</p> <p>1 Highly Confidential - R. Foresman 2 this USCP private placement memorandum or any 3 supplement thereto."</p> <p>4 Do you see that?</p> <p>5 A Yes, I do.</p> <p>6 Q Did ISL understand at the time it 7 invested in Rhinebridge that it was expected to 8 have sufficient knowledge and experience to make a 9 meaningful evaluation of the notes?</p> <p>10 MS. MATERA: Objection. Vague and 11 ambiguous. Calls for a legal conclusion.</p> <p>12 A Yes. Our sufficient knowledge and 13 experience was based on using the ratings against 14 the ratings criteria in the investment policy.</p> <p>15 Q The next item on this list, 16 continuing the sentence that precedes it, says, 17 "Each potential investor should, B, have access to 18 and knowledge of appropriate analytical tools to 19 evaluate, in the context of its particular 20 financial situation, an investment in the USCP 21 notes and the impact the USCP notes will have on 22 its overall investment portfolio."</p> <p>23 Do you see that?</p> <p>24 A Yes, I do.</p> <p>25 Q Did ISL understand that it was TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 358</p> <p>1 Highly Confidential - R. Foresman 2 Q Does that refresh your recollection 3 that it was in the discretion of the security 4 trustee as to whether or not to redeem ISL's 5 investment on October 23, 2007? 6 A I believe in -- 7 MS. MATERA: Objection. Vague and 8 ambiguous. The document speaks for itself. 9 A The "security trustee" here is 10 referring to BONY. 11 Q Um-hum. 12 A I thought you were referring to the 13 receiver. 14 Q So, let me ask you again, is it your 15 understanding that it was up to the security 16 trustee as to whether or not to redeem ISL's 17 outstanding commercial paper on October 23, 2007? 18 MS. MATERA: Objection. Calls for a 19 legal conclusion. Vague and ambiguous. 20 A I don't have a legal opinion on what 21 the documents say, but our belief was that the 22 trustee managed the outflow of funds to the 23 investors, and they would be the ones that would 24 make payment to us. 25 Q And it was -- as far as you were</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 359</p> <p>1 Highly Confidential - R. Foresman 2 concerned, it was the security trustee's decision; 3 correct? 4 MS. MATERA: Objection. Vague and 5 ambiguous. Calls for a legal conclusion. 6 A I don't know if we are saying that it 7 was the security trustee's decision, but the 8 security trustee should make payment to us. 9 MR. MCFERRIN-CLANCY: I have nothing 10 further, or I should say, we have a dispute 11 as to how long the deposition should go. 12 I'm sorry. In light of that, we are all 13 trying to be accommodating to co-counsel. 14 So, although I do have other questions, 15 subject to ruling on that dispute, I will 16 pass the chair, as it were. 17 MS. WOOD: Let's go off the record. 18 THE VIDEOGRAPHER: The time is 19 7:06 p.m. 20 We are off the record. 21 (Discussion held off the record.) 22 THE VIDEOGRAPHER: The time is 23 7:07 p.m. 24 We are on the record.</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 360</p> <p>1 Highly Confidential - R. Foresman 2 EXAMINATION 3 BY MR. ZEISLER: 4 Q Mr. Foresman, I'm Aaron Zeisler. I 5 represent the Moody's defendants in this case. 6 Sir, you testified that ISL did not 7 review any reports published by any of the rating 8 agencies in connection with its decision to invest 9 in Rhinebridge SIV; correct? 10 MS. MATERA: Objection. Misstates 11 prior testimony. Vague and ambiguous. 12 A At the time of the investment, we did 13 not. 14 Q Correct. 15 So, when you testified that you 16 relied on -- that ISL relied on ratings, you meant 17 that ISL considered the letter ratings assigned to 18 Rhinebridge; correct? 19 MS. MATERA: Objection. Calls for a 20 legal conclusion. Misstates prior 21 testimony. Vague and ambiguous. 22 A Yes. Our process would use the 23 letter ratings, as it relates to that particular 24 investment. 25 Q Right.</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 361</p> <p>1 Highly Confidential - R. Foresman 2 And to be clear, ISL never bothered 3 to review the ratings reports published by the 4 agencies themselves about Rhinebridge SIV before 5 investing; correct? 6 MS. MATERA: Objection. Misstates 7 prior testimony. Vague and ambiguous. 8 A We did not review those reports prior 9 to investing. 10 Q And you testified that you yourself 11 perused, I think you used the word "perused" the 12 ratings, after the Rhinebridge investment was 13 made; correct? 14 MS. MATERA: Objection. Misstates 15 prior testimony. Vague and ambiguous. 16 A I don't recall that. 17 Q Did you ever peruse the ratings? 18 MS. MATERA: Objection. Vague and 19 ambiguous. 20 A The rating statements from the rating 21 agencies? 22 Q No. The letter ratings. 23 MS. MATERA: Objection. Vague and 24 ambiguous. 25 A Oh. Well --</p> <p style="text-align: right;">TSG Reporting - Worldwide 877-702-9580</p>

<p style="text-align: right;">Page 362</p> <p>1 Highly Confidential - R. Foresman 2 MS. MATERA: Outside the scope of the 3 deposition notice. 4 A Yes, I have seen the letter ratings. 5 Q Did you personally ever look at them 6 before the investment decision was made? 7 MS. MATERA: Objection. Beyond the 8 scope of the deposition notice. Vague and 9 ambiguous. 10 A I did not personally see them before 11 the investment was made. 12 Q Did ISL understand that the ratings 13 on Rhinebridge SIV could be revised at any time? 14 MS. MATERA: Objection. Vague and 15 ambiguous. Outside the scope of the 16 deposition notice. 17 A Well, I think personally, our 18 understanding of the ratings, yes, the ratings can 19 change. 20 Q Okay. And ISL wasn't monitoring the 21 ratings on Rhinebridge after it purchased the SIV 22 in July, 2007, was it? 23 MS. MATERA: Objection. Misstates 24 prior testimony. Vague and ambiguous. 25 A After the investment was made in TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 363</p> <p>1 Highly Confidential - R. Foresman 2 July, we did not monitor that rating. 3 Q Is it your testimony that someone at 4 ISL was monitoring the ratings on Rhinebridge SIV 5 in August 2007? 6 MS. MATERA: Objection. Vague and 7 ambiguous. 8 A Not as a regular practice, but up 9 until the point we had another investment that had 10 some issues, we started to research and review, 11 and at that point we were aware. 12 So, prior to that, no, we did not 13 monitor. 14 Q Well, at what point did ISL begin 15 monitoring the ratings of Rhinebridge SIV? 16 MS. MATERA: Objection. Asked and 17 answered. Vague and ambiguous: 18 A I can't say, I can't say for sure the 19 exact point, but it was sometime after August 23, 20 2007. 21 MR. ZEISLER: Those are the questions 22 that I have at this point, but I join in the 23 objections of other defense counsel that I 24 have more questions, but in the interest of 25 time, and allowing codefendant's counsel to TSG Reporting - Worldwide 877-702-9580</p>
<p style="text-align: right;">Page 364</p> <p>1 Highly Confidential - R. Foresman 2 ask questions, I will finish at another 3 point. 4 MR. OWEN: Likewise on behalf of S&P. 5 MR. ZEISLER: Let's go off the 6 record. 7 THE VIDEOGRAPHER: The time is 8 7:12 p.m. 9 We are off the record. 10 (Recess taken.) 11 THE VIDEOGRAPHER: The time is 12 7:14 p.m. 13 We are on the record. 14 EXAMINATION 15 BY MS. WOOD: 16 Q Mr. Foresman, my name is Julia 17 Tarver-Mason Wood. I'm an attorney at Paul Weiss. 18 We represent Fitch. 19 When did you personally become aware 20 that ISL invested in Rhinebridge? 21 MS. MATERA: Objection. Beyond the 22 scope of the deposition notice. 23 A The -- the date that I signed the -- 24 I don't know if we have a name for it -- the sheet 25 that goes to the trustees where we have dual TSG Reporting - Worldwide 877-702-9580</p>	<p style="text-align: right;">Page 365</p> <p>1 Highly Confidential - R. Foresman 2 signatures, that these are the investments and the 3 particulars of that investment. 4 Q And what, if anything, did you learn 5 about the Rhinebridge investment at the time you 6 signed that sheet? 7 A I would see the ratings, the term. I 8 don't recall if there was the -- if the discount 9 amount was on there, but the dollar amount, the 10 name of the investment, the fund that it related 11 to, the bond fund. 12 Q So, you saw the contents of that 13 sheet, but nothing more than the contents of that 14 sheet of paper; correct? 15 A That is correct. 16 MS. MATERA: Objection. Move to 17 interpose an objection between the question 18 and the answer, beyond the scope of the 19 deposition notice. 20 Q And did you have any discussions with 21 anyone at that time concerning the Rhinebridge 22 investment? 23 A Not that I recall. 24 Q When was the first time you recall 25 having any discussions with anyone concerning TSG Reporting - Worldwide 877-702-9580</p>